



Illinois Department of Revenue

Informational Bulletin

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Director of Revenue

For information or forms...

- Call us at:
1 800 732-8866 or
217 782-3336
- Call our TDD
(telecommunications device
for the deaf) at:
1 800 544-5304
- Write us at:
Illinois Department of Revenue
P.O. Box 19044
Springfield, IL 62794-9044
- Visit our Web site at:
tax.illinois.gov
- Call our 24-hour
Forms Order Line at:
1 800 356-6302

This bulletin is written to
inform you of recent
changes; it does not replace
statutes, rules and regula-
tions, or court decisions.

Business District Development and Redevelopment Sales Tax

To:

All Retailers and Servicepersons Conducting Business
Where a Business District Sales Tax is Imposed

Effective January 1, 2005, a municipality has the authority to create a business district and impose a tax on general merchandise sold within the boundaries of that district. If a municipality chooses to impose this tax, it must impose both a Retailers' Occupation Business District Tax and a Service Occupation Business District Tax.

Who administers the tax?

The Illinois Department of Revenue administers and enforces this tax. The business district sales tax rate is included in the state and local combined rate preprinted on Line 4a of Form ST-1, Sales and Use Tax Return, or Form ST-2, Multiple Site Form, as a total general merchandise rate.

What is taxed?

You must collect business district sales tax on the same items of general merchandise as those reported on Line 4a of Form ST-1 and Form ST-2. The sales that are subject to state sales tax are also subject to business district sales tax.

Business district sales tax **does not** apply to

- sales of qualifying food, drugs, and medical appliances* (reported on Line 5a of Form ST-1 and Form ST-2), or
- items that must be titled or registered by an agency of Illinois state government (reported on Form ST-556, Sales Tax Transaction Return).

What tax rate can be imposed?

This tax may be imposed in $\frac{1}{4}$ percent increments up to a rate of one percent.

How will I know if this tax is imposed at a location where I make sales?

When a business district sales tax is established, the department sends each retailer within the business district, a letter informing them of the tax rate and the date the rate takes effect.

Twice a year, when rate changes take effect, the department issues an informational bulletin providing the affected locations and the new rates. The bulletin includes rate changes for business districts.

* 86 Ill. Adm. Code 130.310

For a complete listing of statewide sales tax rates, see our Publication ST-25, Illinois Sales Tax Rate Reference Manual. This publication is available on our web site at tax.illinois.gov.

How do I report a sale that was delivered earlier and taxed at a different rate?

If the original sale was subject to a tax rate that is different from the rate due for Line 4a of Form ST-1 or Form ST-2, you must report these receipts on Line 8a.

Note: Line 8a is to be used only to report receivables subject to a previous tax rate. Do not use this line for any other purpose.